

CHARLES H. TAYLOR
11TH DISTRICT, NORTH CAROLINA

231 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3311
(202) 225-6401

COMMITTEE ON
APPROPRIATIONS

SUBCOMMITTEE ON
COMMERCE, JUSTICE, STATE

SUBCOMMITTEE ON
INTERIOR
CHAIRMAN

SUBCOMMITTEE ON
LEGISLATIVE



ORIGINAL

Congress of the United States
House of Representatives
Washington, DC 20515-3311

September 5, 2003

22 SOUTH PACKS SQUARE
SUITE 330
ASHEVILLE, NC 28801-0000
(828) 251-1988

HENDERSONVILLE OFFICE
(828) 697-8539

MURPHY OFFICE
(828) 837-3249

RUTHERFORDTON OFFICE
(828) 286-8750

WAYNESVILLE OFFICE
(828) 456-7559

WEB SITE
www.house.gov/charlestaylor

Bryant L. Van Brakle
Secretary
Federal Maritime Commission
800 North Capitol St., NW
Washington, D.C. 20573

Dear Commissioners:

It is my understanding that UPS has filed for an exemption from the prohibition on Non-Vessel Operating Common Carriers (NVOCCs) from entering into confidential contracts with their customers. Due to the operational characteristics of UPS and recent developments within the ocean shipping marketplace, the antiquated regulatory scheme governing NVOCCs should be revised. I write in strong support of the UPS petition currently pending before the FMC.

During consideration of the *Ocean Shipping Reform Act (OSRA)* revisions of 1998, Congress carefully considered all aspects of the ocean shipping industry including the role of NVOCCs. Based on the nature of ocean shipping at the time, Congress determined that NVOCCs should be regulated differently than vessel operators. In the late 1990s, most NVOCCs were small enterprises that neither owned ocean vessels nor the cargo being shipped. In order to protect shippers and to guarantee liability coverage, Congress determined that NVOCCs should operate under a published tariff system when dealing with their customers.

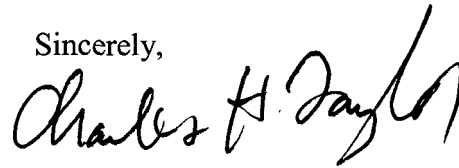
However, the state of the U.S. ocean shipping industry has changed dramatically since passage of OSRA. There has been unprecedented consolidation among ocean carriers resulting in the loss of major U.S. flagged carriers. In an effort to offer customers a full range of services, these very same carriers have created vertically integrated logistics companies that now compete with NVOCCs.

The UPS petition, citing the recent evolution of the ocean shipping marketplace, is precisely the reason Congress granted such broad exemption authority to the FMC. While anticipating dramatic changes in the ocean shipping industry with the passage of OSRA, Congress did not contemplate how fast or how smoothly the market could adapt to these changes. By granting this petition, the FMC will acknowledge these changes, level the playing field between NVOCCs and vessel operators, and ultimately benefit ocean shipping consumers around the world.

RECEIVED
03 SEP 12 PM 4:02
U.S. HOUSE OF REPRESENTATIVES
FEDERAL MARITIME COMMISSION

I am hopeful the FMC will give the UPS petition its' utmost consideration and render an equitable decision based upon the merits of the UPS case. With warmest regards, I am,

Sincerely,

A handwritten signature in black ink, reading "Charles H. Taylor". The signature is written in a cursive style with a large, sweeping "C" and a long, trailing "y" at the end.

Charles H. Taylor
Member of Congress

CHT:as